

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:196

ANSWERED ON:05.08.2005

SALE OF CENTAUR HOTEL

Saradgi Shri Iqbal Ahmed;Seth Shri Lakshman Chandra

Will the Minister of FINANCE be pleased to state:

(a) Whether Juhu Centaur and Airport Centaur hotels of Mumbai were sold without the benefit of competition and valuation causing significant financial loss to the Government and were there serious irregularities in the process of privatization as brought out by C&AG in its report;

(b) if so, the details of the loss suffered by the Government in this deal;

(c) whether some other ITDC's hotels were also disinvested on much lower value than the actual values;

(d) if so, the details thereof;

(e) whether there is any proposal to investigate all such disinvestments of Government hotels by CBI to unearth corrupt deals; and

(f) if so, the details thereof?

Answer

MINISTER OF FINANCE (P. CHIDAMBARAM)

(a) to (f) A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (f) of Lok Sabha Starred Question No. 196 for 05.08.2005 asked by Shri Iqbal Ahmed Saradgi and Shri Lakshman Seth regarding Sale of Centaur Hotel.

(a) & (b). The details of 'reserve price' and sale price in respect of Hotel Airport Centaur, Mumbai and Hotel Juhu Centaur, Mumbai are at Annexure-I.

The Comptroller & Auditor General of India (C&AG) in its Report (tabled in Parliament in May, 2005) relating to the sale transactions of the said Hotels, inter- alia, concluded that "â€¦, both transactions became sole bidder cases without the benefit of competition. In the absence of operation of the market effectively, the issue becomes central. It was observed that valuation of the properties and fixation of reserve price were not consistent with the practice followed by the Ministry in other cases. Various relaxations allowed to the bidder and interventions by the Ministry to facilitate the sale, indicated inadequate efforts to mitigate the risk of transaction in a limited competition scenario. The efforts made to balance the need and urgency to sell the properties and to obtain the best possible price from the sale were also not evidentâ€¦."

In the light of observations made by the C&AG relating to sale transactions of Hotel Juhu Centaur, Mumbai and Hotel Airport Centaur, Mumbai, Government has decided to refer the case to the CBI for an inquiry.

(c) & (d). 19 Hotel properties of ITDC were disinvested between November, 2001 and September, 2002. All these properties were sold/leased at a price higher than their respective reserve price. The details of reserve price and sale price are at Annexure-II.

(e) There is no such proposal at present.

(f) Does not arise.

Annexure-I

Reserve Price and Sale Price of Centaur Hotels in Mumbai, disinvested in year 2002

S.No.	Name of Hotel	Reserve price	Sale Price
	(Rs. in crore)	(Rs. in crore)	

1	Hotel Airport Centaur, Mumbai	78.30	83.00
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2. Hotel Juhu Centaur, Mumbai 101.60 153.00

Annexure-II

Sale Price and Reserve Price of 19 ITDC properties disinvested between November, 2001 and September, 2002.

S.No. Name of Hotel Reserve price Sale Price
(Rs. in crore) (Rs. in crore)

ITDC Hotels

1 Hotel Agra Ashok	3.26	3.93
2. Hotel Bodhgaya Ashok	1.67	2.01
3. T BARR, Mamallapuram	5.18	6.81
4. LVPB Udaipur	6.12	7.52
5. Hotel Ashok Bangalore	3.40#	4.11#
6. Hotel Madurai Ashok	3.64	5.49
7 Qutab Hotel, New Delhi	31.00	35.68
8. Lodhi Hotel, New Delhi	40.36	76.22
9. Hotel Hassan Ashok	2.19	2.51
10. Hotel Manali Ashok	1.91	4.00
11 Kovalam Ashok Beach Resort	41.75	43.69
12 Hotel Aurangabad Ashok	15.05	17.40
13. Airport Ashok Kolkata	14.83	20.02
14. Hotel Khajuraho Ashok	2.01	2.21
15. Hotel Varanasi Ashok	5.55	9.11
16. Hotel Project Chandigarh	14.01	17.27
17. Hotel Kanishka, New Delhi	70.90	95.95
18. Hotel Indraprastha, New Delhi	18.34	45.03
19. Hotel Ranjit, New Delhi	23.78	30.30

= Reserve price and Bid price of Hotel Ashok Bangalore was fixed as
" Minimum Guaranteed Annual Payment" per year with increase of
25% from April 1, 2007 and every five years thereafter, on lease of thirty years.